2008 Business Plan Instructions

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I. Introduction

The 2008 business planning and budgeting process will further the county's efforts to clearly link the expenditure of resources and the level, quality and efficiency of services. As in past years, the business planning process serves as a framework for identifying current and future challenges, formulating budgets to address those challenges and strengthening accountability by measuring performance. As the county continues to address long-term fiscal issues, the business planning process is a vital tool in identifying impacts and strategies associated with the reconfiguring of county government operations.

These instructions are intended to guide any organizational unit developing a business plan. Throughout the instructions, the term "agency" will be used to refer to these organizational units, including departments, divisions and other branches of King County government. Any guidance that applies only to certain organizational units will be addressed specifically to those units.

Business Planning and "KingStat"

In 2006-2007, the executive departments developed logic models as part of the Executive's KingStat process. These models identified measures valuable for management at both the Executive and department level. These measures are collectively referred to as KingStat measures. *Executive departments (and those divisions with new KingStat measures) are expected to select from this new pool of measures to complete the Performance Measure Reporting Form (Appendix C). Departments may continue to use measures from previous business plans or other measures not included in their logic models if those measures are relevant* (See the *Performance Measure* Section below for more detail).

Business Planning and Public Reporting

The performance measure information provided in Executive departments' business plans will be used to create the *2008 King County AIMs High: Annual Indicators and Measures* report. OMB and KingStat staff will work with departments to select appropriate measures for the report, which will continue to focus on meeting public reporting guidelines established by the Association of Government Accountants. For more information on these reporting guidelines see: http://www.agacgfm.org/performance/sea/downloads/Guidelines.pdf.
For a copy of last year's award-winning report, see:
http://www.metrokc.gov/budget/2007/proposed/AIMs.pdf.

II. Executive's Priorities

The County Executive has identified the following priorities for the 2008 budget:

> A. Services mandated by state law will be prioritized over services that are not mandated.
> B. Services provided on a regional basis will be prioritized over local services.

C. Local services provided to unincorporated areas will be prioritized over local services in cities.
D. Direct services to the public will be prioritized over administrative functions, except where the county has a legal obligation to maintain adequate financial and administrative oversight to assure appropriate monitoring and control over public funds.
E. Fees will fully cover the cost of providing the services where possible.
F. Contracts for services with cities or others will provide for full cost recovery. Any contracts that do not provide for full cost recovery will be reviewed and renegotiated where possible.

III.   2007 Business and Budget Planning Schedule

Agencies develop 2008 business plans	March–July
Agencies use business plans in budget development process	May – July
Business plans submitted to OMB (**7** hard copies and **1** electronic copy to Sheila Roehm)	July 9
Agencies submit budget requests to OMB (**6** hard copies and **1** electronic copy to Sheila Roehm)	July 9
KingStat staff and OMB review business plans using *Auditor Guidelines*	July - August
Budget hearings with agencies and OMB	July – Sept
Final KingStat/OMB feedback on business plans to agencies	Sept 7
Agencies finalize business plans based on KingStat/OMB review and final budget decisions	Sept 28

For assistance with budget questions and budget preparation, please contact the budget analyst or budget supervisor assigned to your agency. For business plan questions, please contact Michael Jacobson (6-4024) or Marti Reinfeld (5-0720).

IV.   Overview of 2008 Business Planning Process

Below is a summary of the steps involved in the 2008 business planning process. Each step is described in more detail in the *Business Plan Elements and Organization* section of these instructions.

Please note that agencies are expected to provide written descriptions of both the Self-Assessment (Step 1) and the evaluation of Performance Measures (Step 4) in their business plans. These two new steps are highlighted in grey.

Step 1   Coordinate with budget preparers

     a. Agency business plans should inform and support budget proposals. Coordinate with the budget preparers early in the budget process.

b.   Following the steps below, you will review and analyze performance data from 2006 and Q1 2007. Use this analysis to inform the development of the budget.

c.   Pay particular attention to areas where performance is declining to determine if alternative strategies or different staffing and resources are required.

Step 2   *Review/define the business direction*

a.   Review and update policy direction, if necessary
b.   Review and update vision, if necessary
c.   Review and update mission, if necessary
d.   Review and update goals, if necessary

Step 3   *Conduct a self-assessment*

a.   Conduct a self-assessment of the progress you made towards achieving the objectives and strategies outlined in your agency's 2007 business plan. (The 2007 business plans can be found on the Performance Management intranet site: http://kcweb.metrokc.gov/exec/perform/Budget.aspx).

b.   Review the recommendations provided by KingStat staff last year. Has the agency taken steps to fulfill these recommendations?[1]

c.   Include a brief written description of the self-assessment, including a short summary of progress or challenges over the past year.

Step 4   *Assess the future*

a.   Identify 3-5 key objectives that the agency hopes to achieve this year.[2]
b.   Identify the strategies the agency will rely on to achieve its objectives.
c.   Identify change dynamics, their expected impact, and the agency's planned response.

Step 5   *Update performance measures*

a.   Update the performance measures and data in the Performance Measure Reporting Form (Appendix C). Where available, include historical data for 2003 - 2006, as well as Q1 2007 results.

b.   Identify 2008 performance targets for each performance measure.

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[1] Given the Executive departments' substantial work on performance measurement in 2006 and 2007, some recommendations on the 2007 business plans may no longer be applicable. Please contact KingStat staff if you have any questions regarding how and whether to implement last year's recommendations.

[2] In previous years, these were referred to as "key policy directions." We have changed the terminology in order to avoid confusion with "policy direction" as it is defined by the Auditor's Guidelines.

     c.   In the text of your business plan, describe the agency's progress in meeting its goals based on performance results.

Step 6   *Review the Business Plan for alignment*

     a.   Review your 2008 business plan using the *County Auditor Performance Measure Work Group's Business Plan and Performance Measure Guidelines* (Appendix D).

     b.   Are all of the elements (e.g., policy direction, vision, mission, goals, objectives, strategies, measures) clearly linked to one another?

     c.   Ensure that the text in the business plan justifies and supports budget proposals.

Step 7   *Finalize the business plan*

     a.   For Executive departments and divisions, KingStat and OMB staff will provide detailed comments on the business plans by **September 8**.

     b.   Finalize business plans based on the Executive's proposed budget and KingStat and OMB feedback by **September 28**.

V.   Business Plan Elements & Organization

This section discusses the primary elements of the business plans: Policy Direction, Vision, Mission, Goals, Objectives, Strategies, and Performance Measures. In a slight change from past practices, all agencies are expected to follow the format below in organizing their business plan.

Throughout this section, you will find boxes with questions that are meant to guide the development or revision of the business plan elements. The questions do not need to be formally answered in your business plan submission. The business plan should be used as a vehicle to describe how the elements below (e.g., the clarity of policy direction, external factors) shape budget requests, leading to a more informative discussion between agencies, OMB, KingStat staff, and the County Council.

Policy Direction

As in 2007, departments are required to identify the major policy framework within which they operate. The discussion in the business plan should focus on policy direction that provides broad guidance about agency priorities, rather than specific operational guidelines. Executive and legislative policy direction influences the agency's vision, mission, goals, priorities, and resource allocation. Policy direction may be articulated in relevant laws, ordinances, or motions, and may not change significantly from year to year. There may be a large number of such policies, and agencies can limit the number to the most relevant 5 – 8 policies. Please note if there has been a significant change in policy direction from previous years, and provide a short explanation for that change.

Vision

Vision statements for most agencies will not change for 2008. Agencies should review their vision statements and make appropriate changes if major policy shifts or funding revisions result in a significantly altered future vision, or if the criteria below are not met. Please note if there has been a significant change in the vision from previous years, and provide a short explanation for that change.

Mission

Mission statements for most agencies will not change for 2008. Agencies are asked to review their mission statements and make appropriate changes if major policy shifts or funding revisions result in significant service level or program changes, or if the criteria below are not met. Please note if there has been a significant change in the mission from previous years, and provide a short explanation for that change.

Goals

Goal statements for most agencies will not change for 2008. Agencies should review their goals and make appropriate changes if major policy shifts or funding revisions result in significant service level or program changes, or if the criteria below are not met.

If division goals are also identified in the business plan, they should be clearly linked to department goals.

Please note if there has been a significant change in the goals from previous years, and provide a short explanation for that change.

Questions to ask in developing the goal statements:

    a.   Are goals aligned with policy direction?

    b.   Are the goals reasonably specific and outcome/results oriented?

    c.   Are there a reasonable number of goals for the agency (3 – 5)?

    d.   Does it seem realistic that the organization could act on all of the goals identified in the coming 3 – 5 years?

Self Assessment

The 2008 business plans must include a short summary of progress or challenges over the past year. What were the key objectives and strategies identified in the 2007 business plan? What progress has been made toward meeting those short-term goals? What major roadblocks were encountered that impeded progress? This section should be a basic overview of the last year. Further detail about progress in meeting key performance targets should be provided in the *Performance Measures* section.

Objectives & Strategies

Objectives and strategies are defined and requirements are illustrated below. These two elements may be presented in one section for brevity and clarity. See Appendix A for an example.

Objectives

Agencies should identify 3 – 5 objectives for 2008. (Note: In previous years, these were referred to as "key policy directions." We have changed the terminology in order to avoid confusion with "policy direction" as it is defined by the *Auditor's Guidelines*, Appendix D.)

Objectives are *specific outcome statements about what you hope to accomplish during the next one to two years*. Objectives are linked to goals, but are more narrowly defined. In contrast to goals, objectives are operational and focus on short-term priorities.

Agency objectives may be either new to 2008 or a continued priority from previous years. Whether new or existing, objectives should form the basis for the strategies that will be of primary focus over the next one to two years.

Questions to ask in identifying objectives:

    a. Are the objectives clearly linked to the agency's goals?

    b. Do objectives reflect the agency's priorities for the next one to two years?

    c. Are objectives clearly linked to budget priorities?

    d. Are objectives measurable through a new measure or related to an existing measure?

Strategies

Identify the key strategies that the department/division will focus on to achieve its objectives for 2008. Strategies are the approaches necessary to accomplish objectives. Strategies are generally more complex than a single activity. Strategies may include existing programs, new initiatives, or organizational changes that are intended to lead to a single objective.

Strategies should be reflected in the department/division budget proposal. In Budget Form 2B (*Requested Budget Reprioritization Detail*), you will need to relate requested budget reprioritizations to agencies' key objectives and strategies for 2008.

Questions to ask in identifying strategies:

    a. Do strategies clearly flow from the agency's identified objectives for the next one to two years?

    b. Are strategies clearly linked to budget priorities?

Change Dynamics

Identify and describe change dynamics, their expected impact and the agency's response. How will change dynamics influence policy direction, program results, or resource allocation in 2008?

Change dynamics are likely to inform new or modified department strategies or performance targets. For example, a shift from paper-based to computer-based record generation would *impact* an agency's ability to manage documents. An appropriate *response* may be to begin to explore a centralized records management system. Agencies may reference other sections of the business plan if the response to the expected change dynamic has been outlined elsewhere.

In order to better track and assess key internal and external forces at the county, agencies are expected to use the following categories to classify their change dynamics:

- Increased Efficiency/Reduced Costs
- Revenue Reduction
- Infrastructure Improvement Needs
- Maintenance of Investment in Technology
- Change in County Policy
- Change in Administrative Need
- Enhanced Policy Support
- Improved Service Delivery

- Expanded Service Delivery
- Increase in Cost of Services
- Revenue backed Grant Awards
- Accountability/Transparency
- Justice System Services
- Annexation
- Regional Role
- Technical Adjustment

Information on assessing change dynamics can be obtained through planning documents, customer surveys, academic literature, and professional research. OMB can provide additional information on local economic, demographic, annexation, and other forecast variables. Please contact your budget supervisor for more information on assessing and/or categorizing change dynamics.

Questions to ask in identifying and addressing external and internal forces:

    a. What internal or external issues/opportunities will the organization face in the next one to two years?

    b. What impact will these issues and opportunities have on resource allocation, performance measures and the agencies ability to meet performance targets?

    c. How will the agency respond to change dynamics?

    d. Are proposed responses to change dynamics consistent with the goals and current objectives of the organization?

Performance Measures

In the 2008 business plans, performance data must be reported in the Performance Measure Reporting Form *and* the measures must be analyzed and discussed in this section.

Review/Establish Targets

Setting targets is the first step in analyzing performance. Without a target, someone external to the organization may have no idea what to make of a certain level of performance because it has no context. A target represents the desired result of a performance measure.

Desired results aren't achieved in a day. Establish realistic short-term and more ambitious long-term targets to help you get there. The targets in the business plans should be specific to 2008.

Targets may be based on historical information, regulatory or industry standards, the performance of other organizational units or jurisdictions, contract requirements, customer demands, or management expectations. Each of these potential bases is offered as an option in the "Basis for Target" column on the Performance Measure Reporting Form.

Evaluation of Performance Measures

This section is your opportunity to analyze and describe the agency's progress in meeting its goals. Assess the data in the performance measure reporting form and answer the following questions in the text of your business plan:

- Explain the significance of the measure. What does the measure tell the reader about the agency's progress in meeting its goal?

- Based on the historical information provided in the form, is the measure trending in a positive or negative direction? What factors are influencing that trend?

- Have you met your performance target? Why or why not?

- Where appropriate, describe how trends in the performance data support department/division budget requests or modifications.

- If targets are not 100%, explain how they were developed (e.g., industry standard, historical information, countywide comparison).

Performance Measure Reporting Form

In 2006, the Executive departments developed logic models. The models identified measures valuable for internal management at both the Executive and department level. These measures are collectively referred to as KingStat measures. The purpose of developing KingStat measures was to expand your pool of *relevant* measures. Agencies do not need to include all of their KingStat measures in the Performance Measure Reporting Form. In addition, agencies may report non-KingStat measures if it helps tell the story of the organization's performance.

The primary difference between the 2007 and 2008 reporting forms is the request for a suite of related measures, including one output measure, one outcome measure, one efficiency measure and one customer service measure. *Departments must provide a related set of measures for each goal.* Additional measures may be provided to give a complete picture of progress toward meeting an agency goal (See Appendix B).

The KingStat effort pushed departments to develop and refine outcome or effectiveness measures. In the future, we will emphasize the development of efficiency measures, as well. That future state is already reflected in the reporting form, *but we do not expect every agency to be able to fill out the form completely.*

In the second column, note whether the measure is linked to an agency objective for 2008. Not every measure must be linked to an objective, however, *every objective must be linked to at least one measure.*

Finally, so that a full picture of the agency's work is presented, each core business must be reflected in the reporting form.

Because much of the performance measurement work was focused at the department level this year, departments are expected to report a complete and robust picture of performance. Divisions with individual business plans should report whatever relevant measures are available.

Questions to ask in developing performance measures:

    a. Are there outcome measures and targets for every goal, objective and core business?

    b. Is there a suite of related measures (effectiveness, efficiency, output, customer service) for each goal?

    c. Are measures and targets consistent with agency goals and objectives?

    d. Is the basis of the target clear and justifiable?

    e. Are there too many or too few measures?

Appendix A.   Presentation & Alignment Example

<u>Note</u>: The text below is only an example. It is not intended to reflect the actual objectives or strategies being pursued by any agency.

Goals

1. Provide needed or mandated health services and prevention programs to address individual and community health concerns.

2. Prevent disease, injury, disability and premature deaths.

3. Control and reduce the exposure of individuals and communities to environmental or personal hazards.

4. Employ and retain a skilled workforce that reflects the diversity of the community.

5. Anticipate and respond to the public health consequences of local emergencies.

Objectives & Strategies

<u>Objective A: Improve children's health through preventative health care and outreach.</u>

This objective is linked to Public Health's goals of providing needed health services and preventing disease, injury, disability and premature deaths.

1. Increase parental awareness of childhood obesity prevention through outreach to PTAs and community organizations. Develop Train the Trainers curriculum for Child Care Health Classes to facilitate wider distribution of information.

2. Improve child immunization rates by 5% in 2008. Focus on ensuring that private providers have adequate doses of vaccines and are aware of and providing newly licensed vaccines. Outreach to new mothers through hospitals and community groups.

3. Ensure oral/dental care for all children. Note budget proposal for increased funding for the school based sealant program. Funding will support additional portable sealant equipment to deliver services at additional schools.

<u>Objective B: Improve long-term management of diabetes.</u>

This objective is linked to Public Health's goals of providing needed health services and preventing disease, injury, disability and premature deaths.

1. Increase the use of self-management among diabetes patients by developing and facilitating diabetes support groups. Reach out to private providers to ensure patients are linked to support groups.

2. Provide diabetes-specific on-call dietician and nursing services.

3. Train health-care providers in early detection and management of diabetes. Provide materials to be distributed to diabetes patients.

Appendix B. Example of Performance Measure Reporting Form

Note the suite of four measures all related to immunizations. A suite of measures (effectiveness, efficiency, output, customer service) must be reported for each goal. Objectives must be represented by at least *one* measure. Other measures may be included to help further illustrate the agency's progress toward meeting a goal.

Goal	Objective	Core Business	*Performance Measure*	Type of Measure	Year-end Historical Data			2006	2006 Target	Q1 2007	2007 Target	Proposed 2008 Target	Basis for Target
					2003	2004	2005						
Prevent disease, injury, disability and premature death	Improve children's health through preventative health care and outreach.	Population & Environmental Health Services; Clinical Health Services	# of doses of vaccine provided to private providers	Output	x	x	x	x	x	x	x	x	Customer demands
			% of private providers with improved immunization rates	Effectiveness	x	x	x	x	x	x	x	x	Benchmark against other organization
			Cost per immunization	Efficiency	x	x	x	x	x	x	x	x	Benchmark against other organization
			% of parents satisfaction with service at PH clinics	Customer Service	x	x	x	x	x	x	x	x	Customer demands
	Improve long-term management of diabetes		% of adults with a chronic disease performing effective self-mgmt	Effectiveness	x	x	x	x	x	x	x	x	Historical
			% of beaches in King County with lifeguards	Effectiveness	x	x	x	x	x	x	x	x	Historical
				Output									
				Effectiveness									
				Efficiency									
				Customer Service									
				Output									
				Effectiveness									
				Efficiency									
				Customer Service									